



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURES IN ALLTEL's ACQUISITION OF WESTERN WIRELESS

Divestitures of Assets in Arkansas, Kansas, and Nebraska Preserves Competition for Rural Consumers of Mobile Wireless Services

WASHINGTON, D.C. -- The Department of Justice announced today that it has reached a settlement requiring ALLTEL Corporation to divest assets in rural areas in three states – Arkansas, Kansas, and Nebraska – in order to proceed with its \$6 billion acquisition of Western Wireless. The Department said that the transaction, as originally proposed, would have resulted in higher prices, lower quality, and diminished investment in network improvements for consumers of mobile wireless services in those areas.

The Department's Antitrust Division filed a civil lawsuit today in U.S. District Court in Washington, D.C. to block the proposed transaction. At the same time, the Department filed a proposed consent decree that, if approved by the court, would resolve the Department's competitive concerns and the lawsuit.

"Today's action by the Department ensures that consumers of mobile wireless telephone services in these markets will obtain the benefits of competition, including lower prices and higher quality," said J. Bruce McDonald, Deputy Assistant Attorney General in the Department's Antitrust Division. "The required divestitures will preserve competition in particular for residents of rural areas, who often have fewer choices for wireless telephone services."

The transaction is also subject to review by the Federal Communications Commission (FCC). The Department has coordinated with the FCC throughout its investigation.

ALLTEL and Western Wireless are regional mobile wireless services providers that serve many rural markets. Although a combination of these two regional providers gives the merged firm the benefit of having a larger service area footprint, the divestitures are required to assure continued competition in specific markets where ALLTEL and Western Wireless are each other's most significant competitors. According to the complaint, the proposed transaction would substantially reduce competition for mobile wireless telecommunications services in 16 areas where both ALLTEL and Western Wireless currently operate.

Under the terms of the proposed consent decree, in order to resolve the Department's competition concerns, the merged firm must divest Western Wireless' mobile wireless services business, including spectrum and customers, in nine markets in Nebraska, six markets in Kansas, and one market in Arkansas. ALLTEL is not required to divest Western Wireless assets used solely to provide roaming services in these 16 areas to carriers who use GSM technology; ALLTEL does not currently offer this service and therefore the proposed acquisition will not lessen competition in providing the service. ALLTEL is also required to divest the Cellular One service mark under which Western Wireless operates in the 16 divestiture markets, as well as in almost all other areas in which they operate.

ALLTEL, headquartered in Little Rock, Arkansas, is the sixth-largest provider of mobile wireless voice and data services in the United States by number of subscribers, serving approximately 8.8 million customers. ALLTEL also provides roaming and other wireless services in 24 states to other mobile wireless providers who use the CDMA technology. In addition to wireless services, ALLTEL provides local wireline telephone service to 3 million customers primarily located in rural areas in 15 states. In 2004, ALLTEL earned revenues of approximately \$8.2 billion.

Western Wireless, with headquarters in Bellevue, Washington, is the ninth largest provider of mobile wireless voice and data services in the United States by number of subscribers, serving approximately 1.4 million customers. Western Wireless also provides roaming and other wireless services in 19 states to other mobile wireless providers who use CDMA, TDMA and GSM technologies. Through its subsidiary, Western Wireless International, it provides communications services in seven countries outside of the United States. Western Wireless owns the Cellular One Group, a general partnership that owns the Cellular One service mark and licenses use of the mark to other mobile wireless providers. In 2004, Western earned approximately \$1.9 billion in revenues.

As required by the Tunney Act, the proposed settlement will be published in The Federal Register, along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Nancy M. Goodman, Chief, Telecommunications and Media Enforcement Section, Antitrust Division, United States Department of Justice, 1401 H Street, N.W., Suite 8000, Washington, D.C. 20530 (202-514-5621).

At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the proposed consent decree upon finding that it is in the public interest.

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